Adoption of VAT

1289. SHRI PRAFULL GORADIA: Will the Minister of FINANCE be pleased to state:

(a) whether in the recently held conference on the reforms of State taxation, Central Government urged the States to adopt VAT;

(b) if so, whether the Central Government recognise that according to well known experts in the field, most of the virtues, such as neutrality in the allocations of resources, free consumer choice, avoidance of cascading and stimulus to exports, claimed for VAT are characteristics of an ideal system; and

(c) in What manner Government would ensure that the States do not lose on revenue by switching over to VAT?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAYA KUMAR): (a) to (c) Sir, in a Conference of the Chief Ministers/ Finance Ministers of States & Union Territories held on 16th November, 1999, it was decided by consensus that VAT will be implemented by all the States and Union Territories from 1.4.2001. Government of India has agreed to compensate the States if they lose revenue in the initial period consequent to the introduction of VAT by the States.

Foreign and Domestic Debts

1290. SHRI NARENDRA MOHAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware about the rising levels of domestic and foreign debts during the last decades as per the RBI Report on Currency and Finance 1998-99;

(b) if so, what are the reasons therefor; and

(c) what are the details of foreign and domestic debts and what is the annual burden of debt servicing charges?